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Governing From the Middle: A Wise Path for Health Care Reform

From 2001 to 2007, premiums for family insurance coverage increased 78 percent while income increased just 19 percent, with inflation consuming these wages at a rate of 17 percent. This is an unsustainable path, threatening the American dream and jeopardizing our global competitiveness. Congress has a moral imperative to bring these costs under control.

Enhancing the value in America's health care delivery system: Achieving cost containment and improving efficiencies in our health care delivery system is the first order of business and a mission-critical component of reform.

- **Comparative effectiveness:** Congress made a \$2.1-billion down payment on comparative effectiveness research in the American Recovery and Reinvestment Act. We must ensure that this information is used to empower physicians and consumers about what treatment best suits their needs, not so that government can deny care, but so that better decisions are made about effectively and efficiently fighting disease.
- **Health information technology:** Congress will be investing \$19 billion in health information infrastructure so we can equip our delivery system with the latest developments in medical technology, service enhancements, quality reporting, and personal health records.
- **Collaborative care delivery:** Reform should encourage more collaboration between health care providers to reduce costs and improve care management because fragmentation today only produces appropriate treatment 55 percent of the time. America also needs to invest more in prevention and primary care to focus our health care system on wellness instead of simply sickness.
- **Value-based purchasing and pay for performance:** America's health care system rewards quantity over quality, and our government needs to lead in transitioning toward reimbursing for value and effectiveness based on quality measures.

Improving access to health insurance: The U.S. needs to improve access to coverage for the nearly 50 million uninsured Americans, but we have to do so without collapsing the system and jeopardizing care for the 250 million who do have coverage.

- **Individual Responsibility:** America's Health Insurance Plans and the Blue Cross Blue Shield Association have agreed to guarantee health care coverage to all Americans and to transition away from charging higher premiums to those who are most ill, if Congress supports a requirement to obtain coverage. While I have an aversion to mandates, I recognize that we all have a public responsibility to obtain health care coverage because we all pay higher premiums when providers are forced to write off expensive, uncompensated

care. If we can provide affordable coverage and agree on this collective responsibility, we can make dramatic improvements on portability and access and reduce the impact of pre-existing conditions.

- ***Private market solutions:*** While some have called for establishing a public plan, I believe we cannot effectively resolve our health care crisis if Congress becomes weighted down by creating a government-run option to attract Americans away from their private coverage, with little more to offer than cosmetic improvements and the creation of an unlevel playing field. Our Medicare system is already on its way to insolvency, and our delivery system would collapse if it were to become more reliant on Medicare rates. In Nebraska, Medicare reimburses as low as 75 percent of what private insurers pay for medical services, which together with the cost shift from uncompensated care, can make up 10-15 percent of an individual's private health coverage premium.
- ***Employer-based system:*** Preserving employer involvement is one of the single greatest ways to avoid destabilizing the coverage Americans currently have. Employers help individuals navigate the insurance market, negotiate and advocate on their behalf, and help pay premiums.
- ***State-based regulation:*** The state-based regulatory system provides local accountability and is an operational component from which Americans all stand to lose if it is dismantled or deteriorated.
- ***Access portals:*** Americans face difficult health care coverage decisions, preventing the marketplace from delivering the kind of efficiencies and responsiveness which consumers require. We need to empower individuals with transparent information about their health care coverage by creating state-based access portals, so they can easily compare co-pays, networks, provider quality measures and access to medical records, ultimately making more informed decisions about the coverage they deserve. These portals should preserve continued access to the services of independent – and state-licensed – agents and consultants who serve as their counselors and advocates.
- ***Tax treatment:*** Congress faces difficult decisions in finding ways to finance health care reform, which is critical to avoid worsening an already unsustainable deficit. Some Americans currently have an unlimited tax advantage while others receive no tax benefit at all for the cost of their health insurance. Congress should consider using a portion of the health insurance tax exclusion, while preserving a substantive amount of untaxed compensation for employers to offer their workers, to finance targeted tax credits and to further leverage our tax code to increase coverage. These credits will help offset the premium impact of transitioning to adjusted community rating, entice younger individuals into the market, and help offset insurance costs for the disadvantaged.

Encouraging healthy living and caring for chronic disease: Each of us must take personal responsibility for our own health and America's health care system should provide individuals with improved tools and service to make better decisions about their wellness.

- ***Health Savings Accounts:*** While not everyone has a choice about their health, many Americans could do more to take care of their well-being. As an employer, Alegant Health in Omaha, NE has had extraordinary success reducing their health expenditures by coupling health savings accounts (HSAs) with preventative care, smoking cessation, and exercise program incentives. While not the only solution, our government can learn from their experience and use HSAs as a tool to reduce health care expenditures.
- ***Increased access to prevention:*** Provider shortages and poor reimbursements prevent many Americans from receiving the upfront diagnostic and preventative care they need, even if they are informed and actively seeking care. Some studies estimate that our country stands to see a return of \$5.60 for every \$1.00 spent on prevention and wellness. We need to educate consumers, invest in provider training, support community health centers and rural health clinics, and better reimburse for wellcare.
- ***Management of chronic illness:*** Medicare and Medicaid should leverage the comparative effectiveness investment made in the American Recovery and Reinvestment Act with the medical home delivery model to better coordinate, educate, and serve those with chronic illnesses. The most expensive conditions account for 78 percent of Medicare spending, and we can immediately improve peoples' lives and the affordability of such care.